**Keynote speech by Heikki Holmås, Minister of International Development, Norway**

Extractive governance – emerging norms of transparency roundtable, Oslo 25 February 2013 10.00-15.00 at EITI International Secretariat, Oslo

(Check against delivery)

* Good morning, everyone. It’s a pleasure to welcome you to Oslo. I believe it’s the third time the EITI Board meets in Oslo, and we hosted the 2006 EITI Global Conference. Obviously we feel we have a special relationship to EITI with our early and strong support, our own implementation of the initiative, and not least the secretariat being located here. The extractive sector is central to our national economy and to our development policies through initiatives such as our Oil for Development programme.
* There is an important Board Meeting tomorrow and Wednesday, but today we have the opportunity, perhaps, to be a little bit more philosophical and unrestricted in our conversation. Sometimes we need to stop, take stock and maybe even adjust the course. This seminar is an opportunity to debate broadly and vent ideas.
* Soon my government will present a White Paper on Inequality and Inclusive Growth, and I tend to see everything in that light these days. Good governance in the extractive sector is a major part of our policy to reduce inequality. As shown by the “the resource curse” revenue from natural resources may easily end up benefitting only the few. Experience from the extractive sector exemplifies why transparency is important and why tax policy matters. We will continue to give extractives and transparency the highest priority, and I hope that with the White Paper we’ll get full political support to new initiatives that aim to increase transparency.
* And lately we *have* seen an unprecedented drive for transparency; the Dodd-Frank Wall Street Reform Act, the draft EU Directives on country-by-country reporting, a new EITI standard, the Open Government Partnership, countries deciding to embrace transparency are all initiatives that should help increase transparency.
* These initiatives will generate new information, new data. While we’re not fully sure what this transparency and the new data will bring, it’s quite clear it’s a major shift. There will be more information from contracts, there will be more data on production and payments, and there should be better access to public records etc.
* So what do we do with the new data? Can we make proper use of it, or will we drown in information? As you are well aware of from the EITI, making sense of large amounts of often very technical information is a challenge. I hope you will help answer these questions.
* The media and civil society are major users of information. Watchdogs depend upon it to serve their function. Investors will normally be interested in as much information as possible to back their investment decisions. And sometimes it is not the substance of the reporting that is of importance, but rather the disciplinary effect of transparency itself.
* In many respects, transparency is the answer. Transparency is the most practical and effective way to combat corruption and ensure integrity. Transparency makes economic sense for the resource-rich country and its citizens, for the investor, for the clean company, for *almost* everyone. It doesn’t make sense for the companies that can’t compete on a level playing field – and their corrupt accomplices.
* Transparency often doesn’t cost anything, and is much simpler than attempting to regulate a problem or enforce a particular policy. With the new reporting requirements, and with more contract transparency, I think we can safely assume it will be more difficult to bribe and to agree on a corrupt deal.
* But what about tax evasion? Information about taxes paid and revenues received is not sufficient to determine whether the correct amount has been paid. We would need more accounting information for that. The revenue and profit of a multinational company can be manipulated for tax purposes – legally or illegally – in many ways. The less transparent and accessible the information is, the easier it becomes.
* The type of accounting or activity data that would come through what is called “country-by-country reporting”, and that Publish What You Pay, Norway has called extended country-by-country, would be necessary to determine whether the right amount of tax is being paid under a project. So, if Dodd-Frank and the new EU Directive cannot provide that information, then there is a case for arguing we still need more.
* For fairness in application, this type of extended reporting would ideally be agreed at the international level. Norway will continue to work for reporting systems and accounting standards where curtailing tax evasion is a major objective.
* And there might be measures that can be undertaken at the national level, too. We are considering the development of what we call “the Transparency Guarantee”. The intention of the guarantee is to secure, through the contract in an extractive project, the access of national authorities to the information needed to tax the company appropriately. That would mean full access to info on transactions undertaken as part of the project, including cross-border for complicated company structures. The situation today is that the extremely scarce capacity of tax auditors in a poor country is often used to chase company accounting and transaction information that is not forthcoming. The valuable time of a tax auditor should rather be spent analysing that information.
* Extractive contracts, on the whole, are something I’m very preoccupied with. I happy to say that Norway as part of the new EITI-standard supports the public disclosure of contracts, with the necessary redaction of commercially sensitive information.
* Full disclosure of extractive contracts is now standard procedure in many countries, with Guinea perhaps the last to join that group, publishing mining contracts online. Guinea is interesting for another reason – having recently decided to review its mining contracts. If such a review, or similar reviews, were to find that there is reason to seek renegotiation of unfair or improper contracts, there should ideally be a mechanism in place to help support such a process. Norway will consider backing initiatives in this area.
* Finally, a word on “moderation”. Many companies today are faced with multiple reporting requirements and demands for information. There will always be a good cause that someone wants all companies to relate to and report on, whether it’s financials, environmental issues, gender, human rights, labour issues, CSR etc. Much of the reporting will require systems of communication, establishment of routines and procedures, new software. In short, time and resources for the company.
* Sometimes, as with contract transparency, there’s no direct cost at all to the company. Various types of reporting, however, will have costs associated. We need to acknowledge this and make sure reporting requirements are sensible, necessary, and manageable. Companies should not be burdened with overlapping reporting requirements or asked to produce data and information that is not really needed.
* In conclusion, there’s data we don’t have which would be useful. And there’s data that might be useful, which we may not need. We should be conscious of the reporting burden and the “nice to have” mentality. It’s a challenge to make use of the available data today, and may be even more so tomorrow.
* I look forward to the debate and I hope it can inform our continued work for meaningful transparency in the extractive sector.

Thank you.